

Message Text

LIMITED OFFICIAL USE

PAGE 01 OECD P 06773 01 OF 03 171709Z

45

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 INRE-00 SSO-00 NSCE-00 AID-05

CEA-01 CIAE-00 COME-00 EB-07 EA-06 FRB-03 INR-07

IO-10 NEA-09 NSAE-00 OPIC-03 SP-02 TRSE-00 CIEP-01

LAB-04 SIL-01 OMB-01 ERDA-05 DODE-00 FEAE-00 FPC-01

H-02 INT-05 L-02 NSC-05 PM-03 SAM-01 OES-03 SS-15

STR-01 AF-06 ARA-06 OIC-02 /130 W
----- 088741

O 171658Z MAR 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 6035

LIMITED OFFICIAL USE SECTION 01 OF 03 OECD PARIS 06773

PASS TREAS FOR PARSKY AND WIDMAN, EB/IFD/OMA FOR RYAN

E.O.11652: N/A

TAGS: EFIN, OECD, EINV, ENRG

SUBJECT: PAPERS FOR IEA AD HOC GROUP ON FINANCIAL AND
INVESTMENT ISSUES (FII): PART III (B) (III
AND IV) (PAPER ON "DEVELOPING COUNTRIES:
ISSUE AT HAND: MECHANISMS IN PROVIDING AID
TO DEVELOPMENT)

REFS: (A) OECD PARIS 5996

(B) OECD PARIS 5872

(C) STATE 55605

1. THIS CABLE TRANSMITS THE FOLLOWING PAPER WRITTEN BY
TURKEY ENTITLED, "DEVELOPING COUNTRIES: ISSUE AT HAND:
MECHANISMS IN PROVIDING AID TO DEVELOPMENT," WHICH
CORRESPONDS TO ITEM III (B) (III AND IV) OF THE TABLE
CONTAINED IN DOCUMENT IEA/SPC(75)7 SECOND REVISION, IN
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 OECD P 06773 01 OF 03 171709Z

ACCORDANCE WITH ASSIGNMENT OF RESPONSIBILITIES MADE AT

LAST IEA GOVERNING BOARD AND OF AD HOC GROUP ON FINANCIAL
AND INVESTMENT ISSUES ON MARCH 6 (REFTEL A).

BEGIN TEXT

III (B) III # IV
IEA/SPC(75)7
THE TURKISH DELEGATION

DEVELOPING COUNTRIES: ISSUE AT HAND:
MECHANISMS IN PROVIDING AID TO DEVELOPMENT

1. DESCRIPTION: A NEW FINANCING MECHANISM HAS TO
BE FOUND FOR THE PRODUCERS AND CONSUMERS, DEVELOPED AND
DEVELOPING ALIKE, AS ALL EXISTING MECHANISMS HAVE PROVED
TO BE INSUFFICIENT TO CREATE A LASTING AND PRODUCTIVE
RELATIONSHIP BETWEEN THE EXISTING TECHNOLOGY AND SAVINGS
OF THE WORLD AND ITS ABSORPTIVE CAPACITY.

2. BACKGROUND: CAPITAL MARKETS ARE DISTURBED BY
THE INCREASED UNSTABLE FUNDS. UNCONTROLLABLE, RAPID
MOVEMENTS CAUSE MONETARY, FINANCIAL AND HENCE ECONOMIC
DISORDER. INDUSTRIES, UNDER EXISTING MARKET CONDITIONS,
ARE FINDING IT EVER MORE DIFFICULT AND EXPENSIVE TO MAKE
GOOD USE OF THESE FUNDS, IN BEING UNABLE TO CHANNEL THEM
TO PRODUCTION. GENERAL AND STUBBORN INFLATIONARY
DEVELOPMENTS AND STAGNATING ECONOMIC ACTIVITY DUE TO
DISABILITY TO REINVEST THE FUNDS GOING OUT OF THE
ECONOMIES TO PAY FOR HIGHER PRICES, ERODE THE REAL VALUE
OF WORLD SAVINGS. THIS EROSION IS MOST OBVIOUSLY OB-
SERVED IN THE CLAIMS OF THE OIL PRODUCERS. THE SAME IS
ALSO TRUE FOR SOME OF THE SAVINGS IN THE INDUSTRIALIZED
WORLD. AS TO THE MEAGRE RESERVES OR FUND-RAISING
ABILITY OF THE DEVELOPING COUNTRIES ARE BEING ERODED
RAPIDLY, WHILE THEIR NATURAL RESOURCES AND
ABSORPTIVE CAPACITY REMAIN UNTAPPED.

AT THE MOMENT, ACTIVITIES WITHIN THE UN, IMF, IBRD,
IDA AND ELSEWHERE (DAC, EEC, BILATERAL RELATIONS) ARE
HELPFUL, BUT INSUFFICIENT, UNCOORDINATED AND LACKING THE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 OECD P 06773 01 OF 03 171709Z

NECESSARY INNOVATION TO BRING ABOUT A STABLE, LASTING
AND PRODUCTIVE TRIANGULAR RELATIONSHIP. ATTEMPTS, SUCH
AS THE "DE ROOSA" OR "LEVER" PLANS ARE INOPERATIVE AND
REMAIN IN THE THEORETICAL PHASE. IN SHORT, NOTHING MUCH

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 OECD P 06773 02 OF 03 171710Z

45

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 INRE-00 SSO-00 NSCE-00 AID-05

CEA-01 CIAE-00 COME-00 EB-07 EA-06 FRB-03 INR-07

IO-10 NEA-09 NSAE-00 OPIC-03 SP-02 TRSE-00 CIEP-01

LAB-04 SIL-01 OMB-01 ERDA-05 DODE-00 FEAE-00 FPC-01

H-02 INT-05 L-02 NSC-05 PM-03 SAM-01 OES-03 SS-15

STR-01 AF-06 ARA-06 OIC-02 /130 W

----- 088745

O 171658Z MAR 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 6036

LIMITED OFFICIAL USE SECTION 02 OF 03 OECD PARIS 06773

IS DONE.

AS TO THE ATTITUDES OF DEVELOPING AND CONSUMER COUNTRIES TOWARDS THE POSSIBILITY OF OBTAINING STABLE CAPITAL INCOMES AND OBTAINING TECHNOLOGY OR MEANINGFUL FINANCING WITHIN A TRIANGULAR ARRANGEMENT, ALL INDICATIONS ARE THAT THEY ARE MOST POSITIVELY INCLINED AND EVEN TRYING TO ESTABLISH SUCH A SCHEME BETWEEN THEMSELVES (ARAB INVESTMENT BANK, ETC.).

3. ARGUMENT: IEA COUNTRIES SHOULD USE SUCH A SCHEME AS AN OVERALL EFFORT TO BRING OUT THE COMPLEMENTARITY OF INTERESTS, THEREBY MAKING THE FIRST STEP FOR THE SOLUTION OF ACUTE PROBLEMS SUCH AS PRICES, MARKET AND SUPPLY STABILITY, INVESTMENT SECURITY, ETC. OFFERING THE TECHNOLOGY AND SAVINGS POTENTIAL OF IEA COUNTRIES TO GO TOGETHER WITH THE SAVINGS OF OIL PRO-

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 OECD P 06773 02 OF 03 171710Z

DUCERS WOULD BE A SUBSTANTIAL STEP TOWARDS PURPOSEFUL COOPERATION, PROVIDING NEW INVESTMENT AND BUSINESS POSSIBILITIES FOR THE IEA ECONOMIES AND AN OPPORTUNITY TO IMPROVE THEIR CURRENT AND CAPITAL ACCOUNTS UNDER MORE STABLE AND CONTROLLABLE CONDITIONS, WHILE ALSO PAVING THE WAY FOR THE DEVELOPMENT OF OTHER CONSUMERS AND PRODUCERS.

4. OBJECTIVE: THE OBJECTIVE SHOULD BE THE CREATION OF A SIMPLE FINANCING MECHANISM TO BRING TOGETHER THE EXPORT CREDIT INSTITUTIONS AND INVESTMENT BANKS OF PRODUCERS AND CONSUMERS, DEVELOPED OR DEVELOPING. EACH COUNTRY SHOULD DESIGNATE ONE BANKER. THESE BANKERS SHOULD COME TOGETHER TO AGREE ON A JOINT BOND ISSUE, A SORT OF "OBLIGATION." AN INTERNATIONAL BANKER (PRIVATE OR PUBLIC) SHOULD BE DESIGNATED TO ACT AS THEIR AGENT. THIS SINGLE AGENT SHOULD ISSUE THE BONDS IN THE INTERNATIONAL CAPITAL MARKETS WITH A JOINT GUARANTEE BACKING IT AND ACCUMULATE THE FUNDS; INTEREST RATES AND REPAYMENT TERMS BEING COMPARABLE TO THOSE ALREADY PREVAILING. THEN SUCH FUNDS SHOULD BE RE-LENT TO INVESTORS AND/OR EXPORTERS, PRIVATE OR PUBLIC. INTEREST OR CREDIT REPAYMENT TERMS TO BE TAILORED ACCORDING TO THE TYPES OF ACTIVITY OR TRANSACTION INVOLVED.

IN BORROWING FROM THE MARKETS marginally better conditions may add to the attraction of already jointly guaranteed, secure and stable bonds. IN RE-LENDING, FOR DEVELOPING COUNTRIES EASIER TERMS MAY BE APPLIED AS THEY WOULD BE MADE UP THROUGH THEIR INCREASED IMPORT ORDERS, STABLE RAW MATERIAL AND COMMODITY SUPPLIES. AS TO THE OIL PRODUCERS, WHILE THEIR ACCUMULATING FUNDS WOULD BE HARNESSSED INTO PRODUCTIVE ACTIVITY, PRIMARILY AS CAPITAL HOLDERS THEY WOULD HAVE CONSIDERABLY SECURE INCOMES FOR THEIR SAVINGS WITHOUT ANY DESTABILISING EFFECT. THE INDUSTRIALISED COUNTRIES ON THE OTHER HAND WOULD BE BACKING THEIR INDUSTRIAL ACTIVITIES AND EXPORTS UNDER REASONABLE CONDITIONS, OBTAINING SECURE SUPPLIES AND PROFITING FROM A GENERAL IMPROVEMENT IN INTERNATIONAL ECONOMIC RELATIONS.

5. LINES TO TAKE:
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 OECD P 06773 02 OF 03 171710Z

- SUCH A SCHEME MAY CONSTRUCTIVELY BE AIRED BY THE IEA COUNTRIES USING THE ARGUMENTS ABOVE.

- A VERY SIMPLE DEVICE SHOULD BE OFFERED:

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 OECD P 06773 03 OF 03 171716Z

45

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 INRE-00 SSO-00 NSCE-00 AID-05

CEA-01 CIAE-00 COME-00 EB-07 EA-06 FRB-03 INR-07

IO-10 NEA-09 NSAE-00 OPIC-03 SP-02 TRSE-00 CIEP-01

LAB-04 SIL-01 OMB-01 ERDA-05 DODE-00 FEAE-00 FPC-01

H-02 INT-05 L-02 NSC-05 PM-03 SAM-01 OES-03 SS-15

STR-01 AF-06 ARA-06 OIC-02 /130 W

----- 088850

O 171658Z MAR 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 6037

LIMITED OFFICIAL USE SECTION 03 OF 03 OECD PARIS 06773

NOTHING LIKE THE IBRD - IMF - IDA - IFC ARRANGEMENT;
JUST A MEETING OF EXISTING EXPORT AND INVESTMENT BANKERS;
CONTRACTING OF AN INTERNATIONAL FINANCE AGENT; LEAVING
MOST OF THE REST TO THE EXISTING CAPITAL MARKET CONDI-
TIONS.

6. CONCLUSION: THERE IS AN INTEREST IN DIS-
CUSSING THE MATTER. THE OFFER MAY COME FROM THE IEA.
IT WOULD BE A FEASIBLE WAY FOR ACHIEVING THE AIMS OF
RECHANNELLING AND SECURITY OF SUPPLIES, WHILE ALSO
ANIMATING AND REINVIGORATING ECONOMIC ACTIVITY AND
EXPORTS, WITH POSITIVE EFFECTS ON MARKET AND PRICE
STABILITY. THE RESULTS WOULD BE AS FOLLOWS:

A) THE COMPLEMENTARITY BETWEEN THE TECHNOLOGY,
SAVINGS AND ABSORPTIVE CAPACITY OF ALL PRODUCERS AND
CONSUMERS WOULD BE BROUGHT TO FORE.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 OECD P 06773 03 OF 03 171716Z

B) THE PRODUCERS WOULD BE SAVED FROM THE
EROSION OF THEIR SAVINGS AND THEY WOULD BE GIVEN THE
CHANCE OF ECONOMIC SUSTENANCE BY THEMSELVES AFTER THE
DEPLETION OF THEIR OIL RESOURCES.

C) LIKEWISE, THE DEVELOPING COUNTRIES WOULD
BE BROUGHT TO A LEVEL WHERE THEY MAY SUSTAIN THEIR
DEVELOPMENT THEMSELVES.

D) INDUSTRIALIZED COUNTRIES WOULD BE ABLE TO
MAINTAIN AND PROMOTE THEIR EMPLOYMENT GOALS, ECONOMIC
ACTIVITY AND EXPORTS.

E) SERIOUS PROBLEMS OF DISEQUILIBRIUM IN THE
WORLD ECONOMY DUE TO POSSIBLE EXTREME DIFFICULTIES FOR
THE DEVELOPING COUNTRIES FROM TODAY ONWARDS AND FOR THE
PRODUCER COUNTRIES AFTER THE DEPLETION OF THEIR OIL
RESOURCES WOULD BE AVOIDED.

F) THE WORLD MONETARY AND FINANCIAL STABILITY
WOULD BE SERVED.

END TEXT

TURNER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, COMMITTEE MEETINGS, INVESTMENTS, FINANCIAL PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975OECDP06773
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750092-0916
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750344/aaaabnmw.tel
Line Count: 310
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 OECD PARIS 5996
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 14 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 MAY 2003 by ElyME>; APPROVED <15 MAY 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PAPERS FOR IEA AD HOC GROUP ON FINANCIAL AND INVESTMENT ISSUES (FII): PART III (B) (III)
TAGS: EFIN, EINV, ENRG, OECD
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006